

Franchise Tax Board earns privacy standards certification

Our *Franchise Tax Board Official Website* (www.ftb.ca.gov) has become the first public agency website in the nation to be certified for privacy standards.

TRUSTe, a nonprofit organization that promotes the use of fair information practices on the Internet, has licensed us, certifying that our privacy policy meets or exceeds its standards.

"The Franchise Tax Board has worked hard to develop online tax filing programs that California taxpayers can use with the assurance

their privacy is protected," said State Controller and FTB Chair Kathleen Connell.

"I am pleased that the

FTB is earning recognition for its high quality services and privacy policies."

Visitors to our website, www.ftb.ca.gov, can learn what personal information is collected through the website, how it is used, with whom it is shared, and how any inaccuracies can be corrected.

Our website uses the latest technology for secure transactions, including *secured socket layer*. Traffic on our website has nearly doubled in each of the last two years. Since January, the

website has had more than 23 million visits.

Our homepage offers a wide array of e-government services. Individuals can register for events, workshops, and newsletters; link to commercial tax software and file returns from a direct filing portal; download tax forms, check the status of a tax refund, and get email answers to tax questions.

Users are asked to provide certain information, like e-mail addresses or

phone numbers, to use some of these features.

"By becoming a TRUSTe licensee, the Franchise Tax Board gives its customers a clear signal that it is

trustworthy and respects the privacy wishes of the people who visit its website," said Fran Maier, Executive Director of TRUSTe.

"We are pleased to have FTB as part of our distinguished roster of participants in the TRUSTe Privacy Seal program."

The TRUSTe coalition of participating companies includes America Online, Intel, Intuit, Microsoft and the Japan Engineers Federation.

"We are pleased to have FTB as part of our distinguished roster of participants in the TRUSTe Privacy Seal program."

Fran Maier, Executive Director of TRUSTe.

Inside. . .

Extensions granted to those affected by terrorist attacks
Page 2

Hisserich decision update
Page 3

Interest rates
Page 4

IRS/FTB 2001 e-file fall seminars
Page 9

It's time to order 2001 Package X
Page 10

Tax News

Volume 00-6 November/December 2001

TAX NEWS is a bimonthly publication of the Communications Services Bureau, California Franchise Tax Board. Its primary objective is to provide information to income tax practitioners about state income tax laws, regulations, policies and procedures.

Members of the Board:

Kathleen Connell, Chair
State Controller

Claude Parrish
Chair, State Board of Equalization

B. Timothy Gage
Director, Department of Finance

Executive Officer:
Gerald H. Goldberg

Editor:
Marvin Meek

To update or correct your address or to subscribe to TAX NEWS (send \$12 for a one-year subscription), write:

TAX NEWS
PO Box 2708
Rancho Cordova, CA 95741-2708
or call: 916.845.7070

To view TAX NEWS on the Internet or to request an electronic mail subscription, contact FTB on our website:
www.ftb.ca.gov

For information about a client's account, contact:

Tax Practitioner Support Unit
phone: 916.845.7057
fax: 916.845.6377

For recorded answers to questions on California taxes, to order forms, or to check on a refund, call:

800.338.0505
From outside U.S. 916.845.6600

To send a facsimile about a client's account, transmit to:

Electronic Correspondence
916.845.6377

Information Center
800.852.5711
From outside U.S. 916.845.6500

Hearing Impaired
TDD 800.822.6268

FTB on the Internet
www.ftb.ca.gov

Printed on recycled paper

Extensions granted to those affected by September 11 terrorist attacks

Administrative relief provided to California taxpayers directly affected by the September 11 terrorist attacks includes additional extensions of time for filing state income tax returns due by the October 15, 2001, extension deadline.

Following the attacks in New York City, Washington, D.C., and Somerset County Pennsylvania, we announced a series of administrative measures to provide relief for victims of the tragedies. These included extensions of time to make estimated tax payments and file tax returns, as well as penalty relief. An estimated tax payment was due on September 17, 2001, but affected taxpayers have been granted relief.

"Our nation is recovering from the shock of these attacks, and the priority of the Franchise Tax Board is to give individuals and businesses as much time as we can to organize their tax matters," said California State Controller and FTB Chair Kathleen Connell.

Some California taxpayers may still not have access to financial records generated in New York City. Other businesses located in the vicinity of the World Trade Center and the Pentagon have experienced prolonged interruptions and are unable to conduct operations or make timely payments.

We encourage taxpayers who can file and pay to do so. Taxpayers unable to file and pay on time should alert us when they do file by writing in red on top of their tax return or payment: "**September 11, 2001 Terrorist Attacks.**" We will not impose penalties during the administrative relief period. While California law allows us to waive interest for individual taxpayers, it does not allow us to waive interest for corporations. We will also seek legislative changes to allow waiver of interest on past due payments.

Further tax relief details will be announced on our website, www.ftb.ca.gov, as they become available.

Tax Practitioner Services

The Tax Practitioner Hotline hours for the 2002 filing season are as follows:

- Monday through Friday:
8 a.m. to 5 p.m.

From March 2 through April 13, 2002

- Saturdays:
8 a.m. to 4:30 p.m.

The Tax Practitioner Hotline will not be open on state holidays and will not be open on Sunday, April 14, 2002.

Tax Practitioner Hotline

Telephone 916.845.7057
Fax 916.845.6377

Personal Income Tax Collection

Fax 916.845.0494

Business Entities Collection

Fax 916.845.0145

FTB e-file Help Desk

Telephone 916.845.0353

Hisserich decision update:

Court order prohibits its application in head of household cases

A recent court action prohibits us from applying the Hisserich decision in determining head of household filing status.

The Proposition 22 Legal Defense and Education Fund recently filed a cause of action in Sacramento Superior Court challenging the Board of Equalization's decision in the Hisserich case.

The court issued a writ of mandate ordering us not to follow the Hisserich decision for purposes of determining head of household filing status. At press time, the final outcome of this court action was unknown.

The Hisserich decision was based on a taxpayer who claimed the minor child of

her registered domestic partner as the individual who qualified her for the head of household filing status.

We denied the taxpayer the head of household filing status because the child did not fall within any definition in the statute as an individual who would qualify the taxpayer for the filing status.

The taxpayer filed an appeal with the Board of Equalization, claiming that her domestic partner's minor child was her child under the doctrine of intentional parenthood.

The Board concluded that based on the facts provided, the taxpayer met the requirements for head of household filing status.

Laws and Legislation

Summary of legislation signed into law

Several legislative measures affecting the Franchise Tax Board were signed into law. We've summarized them below. These are only summaries. If you want to learn more about a legislative measure you read about here, go to our *Law and Legislation* webpage located on our website, www.ftb.ca.gov. You can also find comprehensive information about all legislative measures on the Internet at www.leginfo.ca.gov, the Official California Legislation Information website.

AB 10 (Corbett) – This act conforms state law to the 1999 federal changes affecting real estate investment trusts (Stats. 2001, Ch. 04).

AB 25 (Migden) – This act makes a variety of changes to state laws regarding domestic partners, including allowing several existing taxpayer benefits for medical expenses and health insurance benefits to include a taxpayer's domestic partner and a domestic partner's dependents (Stats. 2001, Ch. 893).

AB 44 (Wiggins) – This act adds the earthquake that occurred in September of 2000 in Napa, California, to the current list of specified disasters in the Personal Income Tax Law and the Bank and Corporation Tax Law and allows special disaster treatment of losses sustained as

Ask the Advocate



Debbie Newcomb
Taxpayer
Advocate

Q: What is an *annual notice* and how does it affect my clients?

A: The Taxpayer Bill of Rights requires us to inform all taxpayers with a tax delinquency, *at least* once a year, in writing, of their delinquent balance due as of the date of the notice. This is called the *annual notice process* and can be found in Revenue and Taxation Code section 21023. Here's how the section reads:

“(a) Except as otherwise provided in subdivision (b), for taxable years beginning on or after *January 1, 1998*, the (Franchise Tax) board shall, not less than annually, mail a written notice to each taxpayer who has a tax delinquent account, of the amount of the tax delinquency as of the date of the notice.

(b) Subdivision (a) shall not apply to accounts where a previously mailed notice to the address of record was returned to the board as undeliverable, or to accounts that are discharged from accountability.”

If any of your clients have a delinquency in a qualifying tax year (1998 and subsequent) they will receive at least one (annual) notice from us, stating the amount owed at the time the notice was issued.

Continued on page 6

Continued on page 4

FTB mails tax assessments to nonfilers

Internet application helps ease burden on those responding to notices

We have mailed more than 450,000 tax assessments to individuals who have not filed a 1999 state income tax return.

"The nonfiler program promotes state tax administration that is conducted fairly and equitably," said State Controller and Chair of the Franchise Tax Board Kathleen Connell.

"Increasing compliance among nonfilers reduces the tax burden for the people who willingly comply with the state's tax requirements."

Using our newly developed Integrated Nonfiler Compliance (INC) system, we sorted through more than 220 million income records received from employers, banks, the Internal Revenue Service, and other sources and matched them against tax returns filed. Those with California income who did not file were sent a letter asking for their past due return.

Many people filed their tax returns upon request; those that did not are now receiving tax assessments.

In conjunction with our e-Government initiative, the INC system now has self-service options, specifically for nonfilers, available on the Internet. From this single location, nonfilers can request more time

to respond, retrieve information that can assist them in filing a tax return, learn about payment options, request tax forms, correct a misreported social security number, and get answers to questions they may have concerning the notices.

If any of your clients receive a tax assessment, advise them to respond immediately. Remind them that they can access our new nonfiler website at www.ftb.ca.gov/inc or use our expanded automated phone service at 866.204.7902.

They can also call 800.852.5711 to speak with one of our customer service representatives.

Ask the Advocate

Continued from page 3

Taxpayers who have already received a qualifying notice, which meets the statutory requirement, within the last 12 months are not likely to receive an annual notice. We will not send annual notices to the following:

- Accounts we have discharged from accountability;
- Accounts where we have had mail returned to us as undeliverable;
- Accounts involving fully non-liable spouses, and;
- Accounts that only contain a period(s) other than 1998 and subsequent years.

To contact the Taxpayer Advocate, write us at:

Taxpayer Advocate Bureau
PO Box 157
Rancho Cordova CA
95741-0157

Internet address: www.ftb.ca.gov/taxpayer_advocate

Interest Rates

For the period of January 1, 2002, through June 30, 2002, the adjusted interest rate on underpayments and overpayments of California income taxes will be **seven percent**. Here is a chronicle of the interest rate since January 1991.

Effective Date	Rate	Effective Date	Rate
1 Jan. 1991 to 30 June 1991	11%	1 July 1996 to 31 Dec. 1996	9%
1 July 1991 to 31 Dec. 1991	10%	1 Jan. 1997 to 30 June 1997	9%
1 Jan. 1992 to 30 June 1992	10%	1 July 1997 to 31 Dec. 1997	9%
1 July 1992 to 31 Dec. 1992	9%	1 Jan. 1998 to 30 June 1998	9%
1 Jan. 1993 to 30 June 1993	8%	1 July 1998 to 31 Dec. 1998	9%
1 July 1993 to 31 Dec. 1993	7%	1 Jan. 1999 to 30 June 1999	8%
1 Jan. 1994 to 30 June 1994	7%	1 July 1999 to 31 Dec. 1999	7%
1 July 1994 to 1 Dec. 1994	7%	1 Jan. 2000 to 30 June 2000	8%
1 Jan. 1995 to 30 June 1995	8%	1 July 2000 to 31 Dec. 2000	8%
1 July 1995 to 31 Dec. 1995	9%	1 Jan. 2001 to 30 June 2001	9%
1 Jan. 1996 to 30 June 1996	9%	1 July 2001 to 31 Dec. 2001	9%

Make sure your 2001 substitute, scannable forms are approved

If you plan to use substitute and scannable California income tax forms next filing season, be sure that the forms generated by your software program meet our requirements for substitute forms.

All companies that produce or sell substitute and scannable California tax forms must file an agreement with us stating their intent to comply with our requirements for the 2001 tax year. By signing and submitting Form FTB 1096, *Agreement to Comply with Franchise Tax Board Publication 1098*, the company agrees to follow certain rules for developing substitute and scannable forms. However, that's only part of the process software developers must complete to provide you with approved tax forms.

Each year, computerized tax software developers are also required to submit each of their forms to us for our approval before distributing them. If you are unsure whether the forms you plan to use this upcoming filing season have our approval, ask your software provider to show you the *FTB letter of*

approval for each form you plan to use, *before you use it*. Do not accept a general statement from the software company that all their company's forms have been approved. Instead, give your software company a list of forms you plan to use and ask them to provide you with a copy of the *FTB letter of approval* for each form.

Companies that either sell or provide photocopies of official FTB forms do not need to submit them for approval.

Using unapproved forms may seem like a harmless infraction but it's not. Submitting unapproved forms can cause processing delays and in those cases where we can't process the form, we will have to contact your clients directly in order to process their returns.

By press time the following companies had filed a form FTB 1096 with us. Go to *Tax News Online* www.ftb.ca.gov/education/taxnews for the most current list of companies.

Company Name	Telephone Number	Company Name	Telephone Number	Company Name	Telephone Number
2nd Story Software, Inc.	319.373.3600	NumberGolden State Tax		Regents of the University	
5227 Tax System, Inc.	800.592.5227	Training Institute, Inc.	847.459.3300	of CA, Los Angeles	310.794.8726
Able-Wagner, Inc.	714.572.8585	H&R Block, Inc.	816.504.1188	Rhodes Computer	
Accountant Stationers		HowardSoft	858.454.0121	Services, Inc.	706.868.0985
& Printers	800.423.9717	Image One, Inc.	818.701.3090	RIA	800.327.8829
Alpine Data, Inc.	800.525.1040	Inland Society of Tax		SDDS Computer Accting	909.987.2408
American Financial & Tax	714.669.1172	Consultants	Not Available	Spidell Publishing, Inc.	714.776.7850
Arthur Andersen	941.341.5000	Intuit/Lacerte	858.784.1545	STF Services Corporation	800.541.7197
ATX Forms, Inc.	800.944.8883	Integrated Tax Software, Inc.	800.487.8291	The Northern Trust Co.	Not Available
Block Financial Corp.	617.491.1800	Jackson Hewitt Tax		Tax Biz	408.243.1472
C&S Technologies, Inc.	408.935.8468	Service	Not Available	Tax\$imple, Inc.	800.989.8955
CCH, Inc (Torrance)	800.739.9998	Jones Lang LaSalle, Inc.	312.782.5800	Tax Link, Inc.	614.457.1949
CCH, Inc. (Wichita)	316.612.5000	Micro Vision Software, Inc. .	631.232.1040	Tax Systems, Inc.	Not Available
CFS Tax Software, Inc.	800.343.1157	Nelco	920.337.1000	Taxware Systems, Inc.	800.877.1065
CPA Software	850.434.2685	On-Line Taxes, Inc.	816.232.0095	Taxworks by Laser	
Creative Solutions	800.968.0600	Orrtax Software, Inc.	425.649.8291	Systems	801.552.8800
Data Technology Group	Not Available	Paul Cornish	909.678.3561	TMI Tax Services, Inc.	952.935.6111
Deloitte & Touche Tax		Petz Enterprises, Inc.	209.835.2720	Tritech Software	
Technologies LLC	847.236.8000	Pricewaterhouse		Development Corp.	800.380.6407
Drake Software	828.524.8020	Coopers LLP	214.999.1400	Universal Tax Systems, Inc. .	706.232.7757
EXACTAX, Inc.	800.583.3536	Pro-BATE Software	970.336.5973	Weaver Tax Service	408.258.0912
File Your Taxes.Com	805.984.0248	Prudential Securities		Xpress Software	800.808.1040
		Incorporated	Not Available		

Summary of legislation recently signed into law

Continued from page 3

a result of that earthquake (Stats. 2001, Ch. 618).

AB 46 (Washington) – This act authorizes the Trade and Commerce Agency to designate an additional three enterprise zones expanding the number of enterprise zones from 39 to 42 (Stats. 2001, Ch. 587).

AB 63 (Cedillo) – This act allows us to disclose a taxpayer's name, address, social security or taxpayer identification number, and business activity code to tax officials of a city. Under this act, information has to be provided under a reciprocal agreement between the cities and us (Stats. 2001, Ch. 915).

AB 110 (Zettel) – This act prevents us from imposing the accuracy-related penalty on taxpayers who incorrectly claim the teacher retention credit for the 2000 taxable year (Stats. 2001, Ch. 410).

AB 238 (Rod Pacheco) – This act allows special net operating loss treatment for losses sustained by a farmer as a result of the effects of Pierce's disease (Stats. 2001, Ch. 623).

AB 426 (Cardoza) – This act increases the household income amounts used to determine eligibility and the amount of assistance for the Homeowners and Renters Assistance program. This act affects approximately 300,000 pending claims that have been submitted to us by senior and disabled claimants (Stats. 2001, Ch. 156).

AB 440 (Cardoza) – This act appropriates money into the general fund to pay additional claims for the Homeowners and Renters Assistance program. This act allows us to pay increased claims expected as a result of AB 426. (Stats. 2001, Ch. 197).

AB 816 (Thomson) – This Franchise Tax Board sponsored act repeals the income tax return filing requirement triggered solely by the sale of a principal residence where an individual's income otherwise is below the filing threshold (Stats. 2001, Ch. 164).

AB 866 (Diaz) – This act extends the sunset date for the Employer Child Care Program Credit and the Employer Child Care Contribution Credit to taxable years beginning before January 1, 2007 (Stats. 2001, Ch. 650).

AB 891 (Goldberg) – This act precludes us from collecting child support delinquencies cases where the noncustodial parent is disabled and receiving monthly benefits from either Supplemental Security Income/State Supplementary Payments or Social Security Disability Insurance (Stats. 2001, Ch. 651).

AB 898 (Leach) – This act makes the following changes to the present system of collecting revenue from a limited liability company:

- Repeals the annual study and adjustment of the limited liability company annual fee, and;
- Sets the limited liability company annual fee at a fixed amount (Stats. 2001, Ch. 391).

AB 952 (Kelley) – This act does not tax rebates or vouchers received by a taxpayer for the purchase or installation of water conservation appliances and devices. (Stats. 2001, Ch. 212)

AB 1014 (Papan) – When responding to a California Public Records Act request, this act requires an agency to:

- Estimate the date and time public records would be available to the requester.
- Provide several additional services

when assisting the requester (Stats. 2001, Ch. 355).

AB 1115 (Assembly Revenue and Taxation Committee) – This Franchise Tax Board sponsored act:

- Specifies clear, definitive rules that will be applied consistently to all nonresident and part-year resident taxpayers for calculating loss carryovers, deferred deductions, and deferred income.
- Eliminates conflicting statutory language and provides clear and definitive rules for the ordering of credits that are applied against tax.
- Ensures that taxpayers can file refund claims for overpaid income taxes even though the tax was paid through installment payments.
- Removes an inequity in the law by allowing a holder of an interest in a pass-through entity to realize the same tax benefits whether the pass-through entity files on a fiscal year or calendar year basis.
- Authorizes disclosure of confidential taxpayer information to a Franchise Tax Board employee or former Franchise Tax Board employee, a legal representative of such employee, an Administrative Law Judge, or a Superior Court Judge for use in disciplinary actions.
- Makes references to the limited partnership annual tax in the Revenue and Taxation Code correct and consistent (Stats. 2001, Ch. 920).

AB 1116 (Assembly Revenue and Taxation Committee) – This Franchise Tax Board sponsored act:

- Improves the rules by which we propose changes to credits, deductions, and losses that are eligible to be applied against taxpayer income in future years.
- Specifies when a law effecting a

Continued on page 7

Summary of legislation recently signed into law

Continued from page 6

change in income tax withholding will apply (Stats. 2001, Ch. 191).

AB 1596 (Shelley) – This act allows limited liability partnerships to continue to engage in the practice of architecture until January 1, 2007 (Stats. 2001, Ch. 595).

AB 1370 (Wiggins) – This act increases the homeowners and renters assistance payments 45 percent. This act also returns the income levels eligible for assistance to the 2001 calendar year levels prior to the enactment of AB 426 (Stats. 2001, Ch. 156).

ABX 29 (Kehoe) – This act creates various programs to promote energy conservation and new energy systems. These programs include tax-exempt grants for making buildings more energy efficient. (Stats. 2001, Ch. 08)

SB 14 (Peace) – This act appropriates an additional \$40 million for the Homeowners and Renters Assistance program. (Stats. 2001, Ch. 02)

SB 73 (Dunn) – This act increases from \$50 million to \$70 million the maximum aggregate allocation amount for the Low-Income Housing Tax Credit in 2001. Beginning in 2002, this act adjusts the cap annually for inflation (Stats. 2001, Ch. 668).

SB 147 (Bowen) – This act prohibits employers from monitoring their employees' electronic mail or other computer-generated records without informing them. (Stats. 2001, Ch. ??)

SB 168 (Bowen) – This act:

- Limits the use of social security numbers as personal identifying numbers. This provision does not apply to state agencies.

- Grants consumers the right both to verify and to authorize the issuance of their consumer credit report information. We are exempt from these provisions for activities related to the investigation or collection of delinquent taxes or unpaid court orders or to fulfill any of its other statutory obligations (Stats. 2001, Ch.720)

SB 205 (McPherson) – For an individual found guilty of a felony for specified deceptive and fraudulent conduct relating to income or franchise taxes, this act replaces the indeterminate prison term in existing law with the more commonly used determinate prison term and specifies that imprisonment would be in a state prison (Stats. 2001, Ch. 854).

SB 263 (Johnson) – This act requires the Secretary of State to include in the registration instructions for limited liability partnerships and in the articles of organization instructions for limited liability companies' notification that the entities are obligated to pay an annual tax to the Franchise Tax Board (Stats. 2001, Ch. 425).

SB 324 (Ackerman) – This Franchise Tax Board sponsored act allows the Secretary of State to file an agreement of merger of two or more corporations without receipt of the Certificate of Satisfaction from us if the surviving corporation is a domestic corporation or a foreign (non-California-incorporated) corporation qualified to do business in this state. (Stats. 2001, Ch. 50)

SB 366 (Haynes) – Under this act, when taxpayer substantiates their innocent investor status, we are:

- Prohibited from seizing and selling (levying) the principal residence if the reason for the levy is the underpayment of tax as a result of an investment in an abusive tax shelter.

- Required to release the proceeds from the sale or other transaction related to the levying of a principal residence.
- Required to release any state tax lien, including liens that survive the bankruptcy of an innocent investor, if the reason for the lien is the underpayment of tax resulting from an investment in an abusive tax shelter.
- Required to return any proceeds from the sale of a principal residence that were received in satisfaction of a state tax lien or as a result of a levy, upon written notification from the innocent investor.
- In addition, this act allows taxpayers to take an action against us as a result of a denial of a return of the proceeds (Stats. 2001, Ch. 669).

SB 394 (Sher) – This act extends the expiration date of the California Internet Tax Freedom Act to either January 1, 2003, or January 1, 2004 (Stats. 2001, Ch. 343).

SB 409 (Vincent) – This act extends the sunset date of the Community Development Financial Institution Investments credit from January 1, 2002, to January 1, 2007. It also amends the credit to use the term "qualified investments" made by the taxpayer rather than "qualified deposits." This act defines "qualified investments" to mean a deposit or loan that does not earn interest, or an equity investment, or an equity-like debt instrument (Stats. 2001, Ch. 535).

SB 445 (Burton) – This act finds and declares that:

- The purpose of any tax proceeding between a taxpayer and us is the determination of the taxpayer's correct tax liability; and

Continued on page 8

No customer service numbers for practitioners

Electronic return originators still are not required to use customer service numbers when filing returns with us. However, customer service numbers will continue to be a requirement for online self-filers.

We will mail separate customer service numbers to both the taxpayer and spouse.

As time goes on and we implement more and more of our e-government initiatives, customers will need a customer service

number in order to access many of our new Internet services. For example, in 2002, taxpayers will be able to use their customer service number to view their account online and to verify estimated payments and balance due amounts.

Responding to notices made easier with Internet

You can now instruct clients who receive a notice to file a delinquent return to go to our website www.ftb.ca.gov/inc and request additional time to reply to the notice.

In most cases, we'll grant 30 additional days to respond to the notice.

Besides requesting additional time to reply to a notice, they can:

- Get answers to questions about their account;
- Reply to the notice;
- Obtain tax forms;
- Retrieve information that can assist them in filing a tax return;

- Research various payment options, and;
- Correct misreported social security numbers.

To ensure confidentiality, only individuals who have a nonfiler notice will be able to enter this specific website.

Summary of legislation recently signed into law

Continued from page 7

- We may inquire into, and shall allow the taxpayer every opportunity to present, all relevant information pertaining to the taxpayer's liability.
- This act also requires that any written public records distributed our staff or individual Board members prior to or during a Franchise Tax Board meeting must be disseminated in three ways before the Board takes any final action on that item: (1) to all persons requesting notice; (2) available on Internet; and (3) available for public inspection at the meeting (Stats. 2001, Ch. 470).
- Renames the "Bank and Corporation Tax Law" as the "Corporation Tax Law,"
- Makes California law substantially the same as the federal law that permits electronic postmarks to be proof of the date an e-file return is filed,
- Adds multi-jurisdictional trusts as participants in our Franchise Tax Board voluntary disclosure program,
- Allows us to initiate action on taxpayer accounts that are overpaid, and;
- Specifies that taxpayers making the federal election to treat a stock purchase as an asset purchase would not trigger a recapture of the Manufacturers' Investment Credit (Stats. 2001, Ch. 543).

SB 1185 (Senate Revenue and Taxation Committee) – This Franchise Tax Board sponsored act:

More taxpayers paying with credit cards

Advise your clients that California residents can charge their federal and state taxes to a credit card by calling *Official Payments Corporation* at 1.800.2.PAY.TAX (1.800.272.9829) or by visiting the company's website at www.officialpayments.com.

Official Payments Corporation charges a convenience fee amounting to 2.5 percent the tax payment for this service. (We do not charge taxpayers to use their credit card.) To learn more about how you can use the credit card payment option in your business, visit the company's practitioner webpage at www.officialpayments.com/taxprofessionals.jsp.

IRS/FTB 2001 e-file fall seminars



Here's your chance to get the latest information about federal and state electronic programs, and new tax laws, and earn continuing professional education credits – all under one roof. The 2001 e-file fall seminars began in October and are being offered throughout California through early December. You may register online at www.ftb.ca.gov or by calling 916.845.0353. Here are the dates and locations for the remaining seminars in November and December :

Los Angeles Area

November 14
9 a.m.-12 p.m. or
1 p.m.- 4 p.m.
Cerritos Recreational Park
13234 E. 166th Street
Cerritos, CA

November 15
9 a.m.-12 p.m. or
1 p.m.- 4 p.m.
Van Nuys State Building
6150 Van Nuys Blvd.
Van Nuys, CA

November 13
9 a.m.-12 p.m. or
1 p.m.- 4 p.m.
City of Lawndale-Council Chambers
14717 Burin Avenue
Lawndale, CA
1 p.m.-4 p.m.

San Jose-Oakland Area

November 14
11:30 a.m.-2: 30 p.m.
Santa Rosa State Building
50 D St. Suite 220
Santa Rosa, CA

November 15
1 p.m.-4 p.m.
Pleasanton Library
200 Bernal Ave
Pleasanton, CA

November 29
1 p.m.-4 p.m.
Fremont Library
2400 Stevenson Blvd.
Fremont, CA

December 4*
1 p.m.-3 p.m.
Oakland Federal Bldg.
N Tower Auditorium, 3rd Floor
1301 Clay Street
Oakland, CA

December 4*
1 p.m.-4 p.m.
County of Santa Clara
Isaac Newton Auditorium
70 West Hedding Street
San Jose, CA

December 6*
10 a.m.-12 p.m.
San Francisco Federal Bldg.
California Room 2nd floor
450 Golden Gate Ave
San Francisco, CA

Northern California - Sacramento Area

November 7
9 a.m.-12 p.m.
Forestry Center
6101 Airport Road
Redding, CA

November 15, 9 a.m.-12 p.m.
November 29, 6 p.m.-9 p.m.
December 13, 9 a.m.-11 a.m.*
December 20, 6 p.m.-8 p.m.*
IRS Building
4330 Watt Ave
Room 118 A
North Highlands, CA

Southern California

November 6
9 a.m.-1 p.m.
City Council Chambers
1200 Carlsbad Village Drive
Carlsbad, CA

November 16
9 a.m.-1 p.m.
Chet Holifield Building
Second Floor
Oceanside/Riverside Room
24000 Avila Road
Laguna Niguel, CA

November 19
9 a.m.-1 p.m.
Long Beach Federal Building
Room 3470
501 W. Ocean Blvd.
Long Beach, CA

November 20
9 a.m.-1 p.m.
City of Santa Ana
City Council Chambers
22 Civic Center Plaza
Santa Ana, CA

November 26
12:30 p.m.-4: 30 p.m.
Riverside Public Library
Second Floor Auditorium
3581 Mission Inn Avenue
Riverside, CA

November 21
9 a.m.-1 p.m.
City of Chula Vista
City of Council Chambers
276 Fourth Avenue
Chula Vista, CA

November 27
9 a.m.-1 p.m.
Apple Valley Branch Library
15001 Wakita Blvd
Apple Valley, CA

**Recommended for experienced e-file providers*

Time to order 2001 Package X

We are now accepting orders for the 2001 California Package X. Bigger and better than ever, the 2001 edition will contain two volumes: one for individual income tax forms and a second for business entity tax forms.

The 2001 California Package X comes in both paper and electronic formats. The two paper versions; bound and loose-leaf, cost \$17 plus sales tax. The best value, however, is the CD-ROM for Windows version. It costs \$15 (plus sales tax) and comes with:

- 2001 California Package X forms
- 2001 Internal Revenue Service Package X forms
- Many fillable forms
- California Package X forms for the four previous years
- Information on electronic filing (e-file)

The CD-ROM also has a search feature so that you can locate references to special words or terms in both the tax forms and instructions. And in March, you will receive a second disk with updated forms. The federal forms will arrive on a separate disk.

You can use the CD-ROM if you have:

- A 486DX or Pentium computer with a processor speed of 33 megahertz or faster.
- Microsoft Windows 95, 98, 2001 or NT 4.0 (or later versions).
- Eight megabytes of RAM.
- Double speed or greater CD-ROM drive capable of reading ISO 9660 format.
- VGA, SVGA or higher resolution color video display/adaptor.
- PostScript Windows-compatible printer or Hewlett-Packard LaserJet III and above with one megabyte of user RAM.

For our print Tax News customers we've provided a personalized order form on the back of this issue. Use the special order form on the back page of this issue

to order your 2001 Package X. When completing the form be sure you:

- Use only the personalized 2001 order form provided on the back page of this issue. Do not use a form from a previous year. Using an outdated order form will delay your order, even if you cross out the year and write in 2001.
- Make any necessary corrections to the name and mailing address printed on the form.
- Provide your current telephone number.
- Add the amounts for your Package X and Tax News orders, and apply the appropriate amount of sales tax to the Package X order based on the county of your residence. (Refer to the sales tax table provided on this page.) Remember: Do not apply sales tax to the Tax News order amount.
- Be sure to enclose your check or

money order, payable to the "Franchise Tax Board." Orders without payments are not processed. Please do not send cash.

Mail the order form and your check or money order to:

Package X/Tax News
PO Box 2708
Rancho Cordova CA
95741-2708.

Attention Tax News electronic version customers:

If you are reading an electronic version of this issue, you will not find an order form. If you did not receive a personalized order form either in your print version of Tax News or in the mail, go to our webpage and download an order form. Here's how:

- Go to our Package X webpage at

Continued on page 11

Sales Tax

California residents ordering Package X must add sales tax to their total, based on their county of residence. Remember: Do not add sales tax to your Tax News amount. Here are the sales tax rates for California's counties:

Alameda	8%	Marin	7%	S. Luis Obispo	7%
Alpine	7%	Mariposa	7.50%	San Mateo	8%
Amador	8%	Mendocino	7%	Santa Barbara ...	7.50%
Butte	7%	Merced	7%	Santa Clara	8%
Calaveras	7%	Modoc	7%	Santa Cruz	7.75%
Colusa	7%	Mono	7%	Shasta	7%
Contra Costa	8%	Monterey	7%	Sierra	7%
Del Norte	7%	Napa	7.50%	Siskiyou	7%
El Dorado	7%	Nevada	7.125%	Solano	7.125%
Fresno	7.625%	Orange	7.50%	Sonoma	7.25%
Glenn	7%	Placer	7%	Stanislaus	7.125%
Humboldt	7%	Plumas	7%	Sutter	7%
Imperial	7.50%	Riverside	7.50%	Tehama	7%
Inyo	7.50%	Sacramento	7.50%	Trinity	7%
Kern	7%	San Benito	7%	Tulare	7%
Kings	7%	San Bernardino	7.50%	Tuolumne	7%
Lake	7%	San Diego	7.50%	Ventura	7%
Lassen	7%	San Francisco ...	8.25%	Yolo	7%
Los Angeles	8%	San Joaquin	7.50%	Yuba	7%
Madera	7.50%				

Californians met the energy challenge; fall and winter will test our commitment

Editor's note: The following is a message from Governor Gray Davis.

Congratulations and thanks to every Californian who contributed to the state's success in meeting the energy challenge this summer! Your commitment to conservation continues to play a major role in preventing rolling blackouts.

This year, the Franchise Tax Board and other state offices significantly cut electricity use from January through the end of the summer compared to the same period in 2000.

For example, in monitoring 37 of the state's largest office buildings covering nearly 12 million square feet, the Department of General Services, recorded an average 22.4 percent drop in electricity use.

Despite hikes in utility rates, the state was still able to save more than \$800,000 in cities such as Sacramento, Los Angeles, San Francisco, Oakland, San Diego, Van Nuys, and Riverside.

While the state has made extraordinary progress in bringing new power generation on line, the threat of shortages remains real. Conservation, both now and for the long term, will continue to be an important part of the strategy to keep the lights on.

The fall and winter months present challenges just as tough as the summer months. There are increased demands for power across the state for lighting, heating and other priorities. So we cannot let our guard down just because the seasons have changed.

Here are some practical cool weather tips from the Flex Your Power website that will help all of us continue to save

power, save money and keep electricity flowing to all California communities:

Use your appliances wisely

- Turn off appliances, lights and equipment when not in use.
- To help prevent electricity outages, do not run large appliances between 5 a.m. - 9 a.m. and 4 p.m. - 7 p.m.
- Do your laundry efficiently by using the warm or cold water setting for washing your clothes and always use cold water to rinse clothes.
- Conserve energy by running your dishwasher only when it is fully loaded, and turn off the dry cycle to allow dishes to air dry instead.

Inexpensive energy solutions

- Choose Energy Star ® products. Purchase compact fluorescent light bulbs. They use a quarter of the energy and last five to ten times longer than conventional light bulbs.
- Reduce your hot water temperature. Set your water heater to the "normal" setting or 120 degrees unless the owner's manual for your dishwasher requires a higher setting.
- Replace furnace filters once a month. Dirty filters restrict airflow and increase energy use. Keep your furnace clean, lubricated and properly adjusted.
- Install low-flow showerheads. You'll be surprised how much this simple device can cut your hot water costs.
- Wrap your hot water tank with jacket insulation. If your water heater is gas, be sure to leave the air intake vent uncovered.

Eliminate wasted energy

- Turn off lights in unoccupied rooms.
- Unplug electronic devices and chargers when they're not in use.
- Close the damper on your fireplace when you're not using it.

- Unplug that spare refrigerator in the garage if you don't really need it.
- Check out www.flexyourpower.ca.gov for more information and ways to save money!

Package X

Continued from page 10

www.ftb.ca.gov/education/packageX.

- Complete the order form. Follow the instructions provided. Be sure to add the amounts for your Package X and the Tax News orders, and apply the appropriate amount of sales tax to the Package X order based on the county of your residence. (Refer to the sales tax table provided on page 10.) Remember: Do not apply sales tax to the Tax News order amount.
- Click the submit button.
- Print the completed order form and mail it along with your check or money order to:
Package X/Tax News
PO Box 2708
Rancho Cordova CA
95741-2708

For more information about ordering your 2001 Package X or subscribing to Tax News, visit our webpage at www.ftb.ca.gov/education/index or call us at 916.845.7070.

Presorted
First-Class Mail
U.S. Postage Paid
Sacramento, CA
Permit No. 312

Tax News
PO BOX 2708
RANCHO CORDOVA CA 95741-2708
Address Service Requested